



AGENDA:
PCAPCD Board of Directors Meeting
Thursday, October 9, 2014 at 2:30 PM
Placer County Board of Supervisors' Chambers
175 Fulweiler Avenue, Auburn, California

Call to Order

Flag Salute

Roll Call / Determination of a Quorum

Page 2 **Approval of Minutes:** August 14, 2014, Regular Board Meeting

Public Comment: Any person desiring to address the Board on any item not on the agenda may do so at this time. No action will be taken on any issue not currently on the agenda.

Page 7 **Public Hearing/Action: Item 1**

1. Adoption of Amended Rule 610, Air Toxics “Hot Spots” Fees. Conduct a Public Hearing regarding the approval of amended Rule 610; and adopt Resolution #14-16, thereby approving the proposed amendments and the findings contained in the Staff Report.

Page 35 **Information: Item 2**

2. Drought, El Niño, and Air Quality. Information item wherein Chris Smallcomb, Warning Coordination Meteorologist at the National Weather Service forecast office in Reno, will present information regarding the current drought and provide the latest projections for the upcoming winter, along with the potential impacts to regional air quality.

Air Pollution Control Officer Report

- a. Art Walk
- b. Fiscal update – financial report will be provided at meeting.

Adjournment

Next Regularly Scheduled Board Meeting: December 11, 2014, at 2:30 PM

Opportunity is provided for the members of the public to address the Board on items of interest to the public, which are within the jurisdiction of the Board. A member of the public wanting to comment upon an agenda item that is not a Public Hearing item should submit their name and identify the item to the Clerk of the Board.

Placer County Air Pollution Control District is committed to ensuring that persons with disabilities are provided the resources to participate fully in its public meetings. If you require disability-related modifications or accommodations, please contact the Clerk of the Board. All requests must be in writing and must be received by the Clerk five business days prior to the scheduled meeting for which you are requesting accommodation. Requests received after such time will be accommodated only if time permits.



Minutes of the Thursday, August 14, 2014 Meeting of the Board of Directors

The Board of Directors of the Placer County Air Pollution Control District met in a regularly scheduled session at 2:30 PM, Thursday, August 14, 2014, at the Placer County Board of Supervisors' Chambers, 175 Fulweiler Avenue, Auburn, California.

Representing the District were: Tom Christofk, Air Pollution Control Officer; Todd Nishikawa, Deputy Air Pollution Control Officer; A.J. Nunez, Administrative Services Officer; Yu-Shuo Chang, Planning and Monitoring Section Manager; Russell Moore, I.T. Technician; and Shannon Harroun, Clerk of the Board.

The meeting was called to order by Chairperson Mike Holmes. Roll call was taken by the Clerk of the Board, with the following members in attendance: Kim Douglass, Jennifer Montgomery, Stan Nader, Mike Holmes, Robert Black, Jim Holmes, and Diana Ruslin. Carol Garcia and Robert Weygandt were absent. A quorum was established.

Approval of Minutes: June 12, 2014, Regularly Scheduled Meeting.

Motion to approve minutes: Stan Nader. Unanimously approved.

Public Comment: There were no comments from the public.

Public Hearing/Action: Item 1

- 1. Proposed Final FY 2014-2015 Budget Public Hearing.** *Conduct a Public Hearing in accordance with the Health and Safety Code § 40131(3)(A) that states: "The district shall notice and hold a public hearing for the exclusive purpose of reviewing its budget and of providing the public with the opportunity to comment upon the proposed district budget." The District also seeks Board adoption of Resolution #14-15, thereby approving the proposed Final FY 2014-2015 Budget and a 2.2% CPI increase to the fee schedule.*

Ms. AJ Nunez presented for the public hearing of the FY 2014-15 proposed final budget on behalf of the District. She began by stating that the District's philosophy of budgeting revenues conservatively, and expenditures adequately, allowed the District to end Fiscal Year 13-14 at 7.9% above revenue projections and 6.44% below proposed expenditures. This created a fund balance of \$964,965 that provides the seed money for the FY14-15 Proposed Final Budget.

Ms. Nunez stated that the Proposed Final Budget for FY 14-15 of \$4.5 million is very similar to the Approved Budget for FY 13-14, with a 2.85 percent increase from FY 13-14. The Total Projected Revenue of \$3.5 million, combined with the Fund Carry-Over of \$965,000, provides the \$4.5 Million in Total Funds Available. Proposed expenditures total just under

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\$4.2 million dollars. The Operations Fund Carry-Over portion of the \$965,000 total Fund Carry-Over amount is \$391,000, or 7.75% of the FY 14-15 budget. The National Advisory Council on State and Local Budgeting recommends an Operations Fund Carry-Over between 5% and 15%. The District is well within that healthy range.

Ms. Nunez proceeded to identify how the District proposes to use the Funds Available. A little over half of the District's proposed budget is spent on Salaries and Benefits. Clean Air Grants, TAP Grants, and the Tahoe Area Woodstove Incentive Program total \$1,034,900. Nearly one quarter of the District's budget will go back to the local community through these various grants and programs. The District has provided approximately \$14.5 million to the community in the form of Clean Air Grants since the year 2000. With the Board's approval of this proposed budget, that total will climb to \$15.5 million. The District is proposing a payment of \$40,000 to the Settlement Fund Payback toward the building purchase.

Ms. Nunez referred to the listing of the total proposed expenditures (page 20 of the FY 2014-15 Proposed Final Budget packet) which is color coded to show costs associated with various programs, projects, services, and the core functions of the District. Each of the functions listed is tied to the District's Mission, Goals and Objectives.

Ms. Nunez concluded by stating that the District is required by Health and Safety Code Section 40131 to hold a public hearing for the purpose of reviewing the budget and providing the public with the opportunity to comment on the proposed District budget. Upon the close of the public hearing, District Staff recommends the approval of Resolution #14-15, thereby adopting the District Budget for Fiscal Year 2014-15.

Chair Mike Holmes asked where the 5-15% operations fund rollover guideline comes from. Ms. Nunez answered that it is from the National Advisory Council on State and Local Budgeting. Chair Holmes followed up with a clarification statement that the TAP and Woodstove programs items are combined with the budgeted amount for Clean Air Grants. Ms. Nunez confirmed this observation.

Chair Mike Holmes opened the public hearing and asked for comments from the Board and the public. There were no comments, and the hearing was closed.

Motion to approve Action Item 1: Stan Nader. Unanimously approved via roll call vote.

Information: Item 2

2. Air Toxics Overview. *Informational item on Air Toxics. No action required.*

Mr. Todd Nishikawa presented an overview briefing about air toxics. Mr. Nishikawa began by stating that knowledge about the health effects of toxic substances, including air toxics, has been steadily increasing in the last 30 years. Where the term air pollution used to be synonymous with criteria pollutants like ozone and particulate matter, science has determined that the health effects of air toxics are significant. For example, it has been determined that 80 percent of all cancers attributed to air pollution are caused by diesel particulate matter, a

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common air pollutant that was not identified as a toxic air contaminant until 1998. In addition, tools to assess the impacts of air pollution on health have been developed and continue to be refined. Recently, focus has intensified upon the impacts of air toxics on children, due to new studies showing children are affected by air toxics differently and more significantly than adults. Increasing awareness that air toxics emissions have a serious impact upon human health, and recent findings of the significant effects toxics can have on children, are causing changes to the way air pollution control agencies, such as the District, conduct business.

Mr. Nishikawa addressed the following topics related to air toxics:

- The District's role in the realm of air toxics, and how the District seeks to achieve and maintain healthful air quality for Placer County residents by controlling and reducing air pollutants from stationary sources.
- The necessity to determine the relative risk to human health posed by toxic emissions, in order to decide where to apply resources and what substances need to be controlled. The District does this by determining the possibility of an increase in the harm to persons exposed to toxic emissions, using "Health Risk Assessment" computer models.
- Toxics new source review, which is the process of evaluating new sources for potential toxic emissions, prohibiting or restricting those emissions so that they do not pose a significant risk, and also assuring that the emissions comply with state and federal laws and regulations.
- District enforcement of the state's Airborne Toxic Control Measures (ATCMs); and the US EPA established National Emission Standards for Hazardous Air Pollutants (NESHAPS) and Maximum Achievable Control Technology Standards (MACTS).
- Air Toxics Hot Spots Information and Assessment Act of 1987, which provided a process where existing toxic emission sources were to be evaluated, starting with the largest emission sources.
- Hot Spots program fees collected from the District's toxic emission sources via Rule 610, "Air Toxics Hot Spots Fees", which currently do not cover program costs.
- The new Health Risk Assessment Manual proposed by the Office of Environmental Health and Hazard Assessment (OEHHA), which reflects an effort to have assessments be more sensitive to effects on children, and is expected to cause facilities to increase their risk rankings, impacting districts' work load, costs and fees. OEHHA's Risk Assessment Guidance Manual is scheduled to be finalized by the end of 2014. If changes to the District's significant risk thresholds policy are determined to be warranted, the District will bring the policy back to the Board for revision.
- CalEnviroScreen, OEHHA's health screening tool, which attempts to identify environmentally and economically disadvantaged communities. CalEnviroScreen has been proposed as a tool to help determine where up to 25% of AB 32, Global Climate Warming Solutions Act, Cap-and-Trade funds are to be spent to help disadvantaged communities. However, air contaminant impacts are only one of the environmental and socio-economic factors considered with CalEnviroScreen.

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Mr. Nishikawa concluded with the encouraging news that since 1990, the population has grown, vehicle miles traveled have increased, and the economy has grown, but through local, state, and federal efforts, the statewide toxic emissions, and resulting health risks, have been reduced by 80 percent.

Chair Mike Holmes asked when it is anticipated that Rule 610 will be modified. Mr. Nishikawa responded that the District is looking at possibly bringing the rule amendment to the Board at the October meeting. Chair Holmes also asked if the District would have to hire additional staff due to the changing OEHHA requirements. Mr. Nishikawa stated that we would initially try to use the District's current staff and consultant resources, but that we do have a vacant engineering staff position that we could possibly fill in the future if needed.

Director Montgomery restated that one of the risk factors OEHHA uses is "time spent at home". She asked for clarification as to whether time spent at day care facilities, and their distances to sources, are taken into consideration in determining risk. Mr. Nishikawa confirmed this to be the case.

Director Nader asked if the disadvantaged areas of the state match where the pollution is. Mr. Tom Christofk clarified some points regarding the CalEnviroScreen program, particularly that there is a disconnect between where the funds are coming from and where they are being distributed, since cap-and-trade revenues are assessed on air pollution sources, whereas air pollution is only one of many factors in determining where the funds will be distributed. CalEnviroScreen also does not identify any Placer County communities as being in the top 20% of disadvantaged areas, so Placer County is not likely to receive any of these funds.

Air Pollution Control Officer Report

- a. Art walk and electric vehicles showcase. Mr. Tom Christofk announced that we would be displaying a new artist's artwork at the District office that night, and that the District would also be hosting up to ten electric vehicles that would be on display in the parking lot.
- b. Fiscal update. Ms. A.J. Nunez presented the balance sheet for the close of month 1 (July 31, 2014), stating that the District ended the period at 77% below budgeted expenditures, and at 45% above budgeted revenues.

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Adjournment

Chairperson Mike Holmes adjourned the meeting at 3:24 p.m.


Shannon Harroun, Clerk of the Board

Next Regularly Scheduled Board Meeting: October 9, 2014, at 2:30 PM

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District Office Telephone – (530) 745-2330



Board Agenda Item 1

Public Hearing/Action

Agenda Date: October 9, 2014

Prepared By: Todd Nishikawa, Deputy Air Pollution Control Officer

Topic: Proposed Amendment of Rule 610, Air Toxics “Hot Spots” Fees

Action Requested:

- 1) Conduct a Public Hearing for the proposed amendment of District Rule 610, Air Toxics “Hot Spots” Fees.
- 2) Adopt Resolution #14-16 (Attachment #1), thereby approving the amendment of Rule 610.

Introduction: The purpose of Rule 610, Air Toxics “Hot Spots” Fees, is to recover costs associated with the implementation of the Air Toxics “Hot Spots” Information and Assessment Act of 1987, beginning with Section 44300 of Division 26 of the California Health and Safety Code. The purpose of this legislation, also called AB 2588 for the enacted Assembly Bill, is to gather information on toxic air releases from existing stationary sources throughout the state, and then to require risk reduction of sources deemed to create a significant risk. Toxic release facilities report emissions, are tracked, and those which pose a health risk above a certain threshold to the community are required to prepare and implement a risk reduction plan and issue a public notice. The California Health and Safety Code requires the implementation of this program by local air districts, such as Placer County Air Pollution Control District. The air districts are to collect state costs from facilities subject to the legislation and forward the revenue to the Air Resources Board. The Act also gives districts authority to assess fees to recover district costs from these facilities.

Background: Rule 610 was last amended on July 16, 1998, and the adopted fees specified in the rule, which include state costs, have not changed since that time. Over time, the fees have become insufficient to cover state and District costs for the program.

Discussion: Staff is proposing to make a number of amendments to the rule, as described below:

- Update the current fees to cover the costs of implementing the Hot Spots Program.
- Remove the specified fee amounts in the rule and instead show the amounts to be assessed in the District Fee Schedule, as is done with most other District fees, such as permit and burn permit fees.
- Adjust fees annually by an amount equal to the California Consumer Price Index to assure that the fees will continue to cover District costs for the program.
- State and District fees will be separated and billed as separate line items on the annual permit renewal invoice. This will allow for changes in the State fees without an amendment of this rule.
- Some of the higher risk fee categories in the state fee schedule will be eliminated to simplify the District fee rule. There are no existing facilities in Placer County with these

high risks, and District Staff believe there never will be due to existing permit limits and the toxics review of new and modified sources.

- The penalty for non-payment of Hot Spots fees is amended to 50% of the assessed fee, or \$100, whichever is greater.
- An industrywide category is created for facilities that have only emissions from stationary diesel engines. For the industrywide category, the District is required to perform the tasks required by the Hot Spots program, instead of the facility. Because the engine processes are similar, the evaluation process is somewhat simplified.

Fiscal Impact: There will be a fiscal impact on some of the facilities that are subject to the Hot Spots program if they have priority scores or health risk assessment values in the intermediate or high risk categories. These fees are being amended to more fully cover the District's costs of performing the Hot Spots program. For example, industrywide category facilities will have the combined state and district fees increased from \$90 to \$144.

The proposed annual revenue from the amended Hot Spots fee rule is projected to be \$21,947. This compares with expected 2014 Hot Spots revenue of \$4,932. This expected 2014 revenue does not include diesel only facilities, which are added to the industrywide category by this proposed amendment.

For the core facilities subject to the Hot Spots fees, 10 of the 11 facilities will not see a fee increase.

Recommendation: Staff recommends adoption of Resolution #14-16, (Attachment #1), thereby approving amended Rule 610, Air Toxics "Hot Spots" Fees, and the findings in the Staff Report (Attachment #2).

Attachments:

#1:	Resolution #14-16, Adoption of Amended Rule 610, <u>Air Toxics "Hot Spots" Fees</u> , Exhibit 1, Rule 610, <u>Air Toxics "Hot Spots" Fees</u>
#2:	Staff Report

ATTACHMENT #1

SUBJECT:

Resolution #14-16
Adoption of Amended Rule 610, Air Toxics “Hot Spots” Fees



Board Resolution:
Resolution #14-16

Before the Placer County Air Pollution Control District Board of Directors

In the Matter Of: Adopt a Resolution to Approve Amendment of the Placer County Air Pollution Control District’s Rule 610, Air Toxics “Hot Spots” Fees.

The following **RESOLUTION** was duly passed by the Placer County Air Pollution Control District Board of Directors at a regular meeting held on **October 9, 2014**, by the following vote:

Ayes: Holmes, M. _____ Douglass _____ Nader _____ Weygandt _____ Black _____
Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____

Noes: Holmes, M. _____ Douglass _____ Nader _____ Weygandt _____ Black _____
Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____

Abstain: Holmes, M. _____ Douglass _____ Nader _____ Weygandt _____ Black _____
Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____

Signed and approved by me after its passage:

_____ Chairperson

_____ Attest: Clerk of said Board

WHEREAS, Sections 44323 through 44394 of the Health and Safety Code of the State of California requires California Air Districts to implement and enforce the Hot Spots program adopted by the California Air Resourced Board; and

WHEREAS, Section 44344 of the Health and Safety Code of the State of California authorizes a district board to adopt fees to recover the District costs of implementing the Hot Spots program; and

WHEREAS, Section 44380 of the Health and Safety Code of the State of California requires a district board to adopt fees to recover the State costs of implementing the Hot Spots program; and

WHEREAS, amended Rule 610 is an administrative rule, and not an emission control measure, and as such need not be listed in the District’s annual “Regulatory Measures List” pursuant to Health and Safety Code Section 40923, although the amendment of Rule 610 was anticipated and included in the annual list; and

WHEREAS, these proceedings were held in a public hearing and were properly noticed pursuant to Section 40725 of the Health and Safety Code of the State of California, with any evidence having been received concerning the proposed adoption of this Resolution and this Board having duly considered such evidence; and

NOW, THEREFORE, BE IT RESOLVED, that the Placer County Air Pollution Control District Board of Directors hereby approves and adopts the amendment of Rule 610, Air Toxics “Hot Spots” Fees, as shown in Exhibit I.

BE IT RESOLVED AND ORDERED that the Air Pollution Control Officer is hereby authorized and directed to submit this adopted rule, in the form as required by the California Air Resources Board, on behalf of the Placer County Air Pollution Control District, and to perform such acts as are necessary to carry out the purpose of this resolution. This rule, being an administrative rule, shall not be submitted for SIP approval.

EXHIBIT 1

Rule 610, Air Toxics “Hot Spots” Fees

RULE 610 - AIR TOXICS "HOT SPOTS" FEES

Adopted 08-24-95
(Amended 12-12-96, 10-09-97, 07-16-98, 10-9-14)

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100 GENERAL

101 PURPOSE: The purpose of this rule is to recover costs that are associated with the implementation of the Air Toxics “Hot Spots” Information and Assessment Act, beginning with Section 44300 of Division 26 of the California Health and Safety Code.

102 APPLICABILITY:

102.1 **GEOGRAPHY:** The provisions of this rule shall apply to all facilities located in Placer County, as defined by California Code of Regulations, Title 17, Division 3, Chapter 1, Subchapter 1.5, Article 1, Section 60106, 60111 and 60113.

102.2 **FACILITIES:** This rule is applicable to any facility which manufactures, formulates, uses, or releases any of the substances listed pursuant to Section 44321 of the Health and Safety Code, or any other substance which reacts to form a substance so listed.

200 DEFINITIONS

For the purpose of this rule the following definitions shall apply. All other terms are as defined in Rule 102, Definitions.

201 DISTRICT UPDATE FACILITY: Any facility that has been prioritized by the district in accordance with Health and Safety Code Section 44360(a), and is consistent with the procedures of the California Air Pollution Control Officers Association (CAPCOA) “Air Toxics ‘Hot Spots’ Program Facility Prioritization Guidelines, July 1990”. The facility is also required by the District to submit a quadrennial emissions inventory update pursuant to Health and Safety Code Section 44344 during the applicable fiscal year. The prioritization scores for cancer and non-cancer health effects must be both greater than 1.0 and equal to or less than 10.0.

202 EMISSIONS INVENTORY: An inventory of a facility’s emissions as specified by Chapter 3 of Part 6 of Division 26 of the California Health and Safety Code.

203 FACILITY: Any building, structure, appurtenance, installation, and improvement.

203.1 Building, structure or emission unit includes all pollutant emitting activities which:

- a. Belong to the same industrial grouping, and;
- b. Are located on one property or two or more contiguous properties, and;
- c. Are under the same or common ownership, operation, or control or which are owned or operated by entities which are under common control.

203.2 Pollutant emitting activities shall be considered part of the same industrial grouping if:

- a. They belong to the same two-digit standard industrial classification code; or
- b. They are part of a common production process. (Common production process includes industrial process, manufacturing process and any connected processing involving a common material.)

204 HEALTH RISK ASSESSMENT (HRA): A detailed comprehensive analysis prepared

pursuant to Section 44360 of the California Health and Safety Code. A health risk assessment evaluates and predicts the dispersion of hazardous substances in the environment and the potential for exposure of human populations.

205 INDUSTRYWIDE FACILITY: Any facility included in a class that the district finds and determines meets either of the following conditions:

205.1 All facilities that release, or have the potential to release, less than ten tons per year of each criteria pollutant and are in a class that falls within the following four-digit Standard Industrial Classification Code:

- a. Autobody shops, as described by SIC Codes 5511-5521 or 7532; and
- b. Gasoline stations, as described by SIC Code 5541; and
- c. Dry cleaners, as described by SIC Code 7216; and
- d. Printing and publishing, as described by SIC Codes 2711- 2771 or 2782; and
- e. Facilities with only diesel engine permits described by SCC Codes 20100101, 20200102, or 20300101

205.2 Releases from the facility can easily and generically be characterized and calculated.

206 OPERATOR: The person who owns or operates a facility or part of a facility.

207 PLAN: The emissions inventory plan that meets the conditions specified in Section 44342 of the California Health and Safety Code.

208 PLAN AND REPORT FACILITY: Any facility that, by April 1 of the calendar year prior to the fiscal year, has been required by the district to prepare an individual plan and report in accordance with Sections 44340, 44341, and 44344 of the State of California Health and Safety Code. This includes facilities completing an update plan, an update report, and a quadrennial update category form.

208.1 **COMPLEX FACILITY:** A plan and report facility that has more than five processes as determined by a six-digit Source Classification Code (SCC).

208.2 **INTERMEDIATE FACILITY:** A plan and report facility that has three to five processes as determined by a six-digit SCC.

208.3 **SIMPLE FACILITY:** A plan and report facility that has one or two processes as determined by a six-digit SCC.

209 PRIORITIZATION SCORE GREATER THAN TEN (10.0) FACILITY: Any facility that does not have an approved health risk assessment and has been prioritized by its district in accordance with Health and Safety Code Section 44360(a) using procedures that have undergone public review and that are consistent with the procedures presented in the California Air Pollution Control Officers Association (CAPCOA) "Air Toxics 'Hot Spots' Program Facility Prioritization Guidelines, July 1990", which has been approved by the State Board and is incorporated by reference herein, and the greater of the facility's prioritization scores for cancer and non-cancer effects is greater than 10.0.

210 PRIORITIZATION SCORE GREATER THAN TEN (10.0) FACILITY (COMPLEX): Any facility that meets the criteria set forth in Section 208 and has more than five processes as determined by six-digit Source Classification Codes (SCC).

211 PRIORITIZATION SCORE GREATER THAN TEN (10.0) FACILITY (INTERMEDIATE):

Any facility that meets the criteria set forth in Section 210, and has three to five processes as determined by six-digit SCC.

- 212 PRIORITIZATION SCORE GREATER THAN TEN (10.0) FACILITY (SIMPLE):** Any facility that meets the criteria set forth in Section 210, and has one or two processes as determined by six-digit SCC.
- 213 RISK OF 10.0 OR GREATER PER MILLION FACILITY:** Any facility that has had its health risk assessment approved by the district in accordance with Health and Safety Code Section 44362 and whose risk assessment results meet either of the following criteria:
- 213.1 A total potential cancer risk, summed across all pathways of exposure and all compounds, of greater than or equal to 10.0 cases per million persons or,
- 213.2 A total hazard index for each toxicological endpoint of greater than 1.0.
- 214 RISK OF 10.0 OR GREATER PER MILLION FACILITY (COMPLEX):** Any facility that meets the criteria set forth in Section 213, and has more than five processes as determined by six-digit Source Classification Codes (SCC).
- 215 RISK OF 10.0 OR GREATER PER MILLION FACILITY (INTERMEDIATE):** Any facility that meets the criteria set forth in Section 213, and has three to five processes as determined by six-digit SCC.
- 216 RISK OF 10.0 OR GREATER PER MILLION FACILITY (SIMPLE):** Any facility that meets the criteria set forth in Section 213, and has one or two processes as determined by six-digit SCC.
- 217 SOURCE CLASSIFICATION CODES OR SCC:** Number codes created by the United States Environmental Protection Agency used to identify processes associated with point sources that contribute emissions to the atmosphere.
- 218 STANDARD INDUSTRIAL CLASSIFICATION CODE OR SIC CODE:** Standard Industrial Classification Code which classifies establishments by the type of business activity in which they are engaged, as defined by the Standard Industrial Classification Manual, 1987, published by the Executive Office of the President, Office of Management and Budget, 1987, which is incorporated by reference.
- 219 STATE COSTS:** Cost which will be incurred by the State of California Air Resources Board and the Office of Environmental Health Hazard Assessment to implement and administer the Act.
- 220 STATE INDUSTRYWIDE FACILITY:** Any facility that (1) qualifies to be included in an industrywide emission inventory prepared by an air pollution control or air quality management district pursuant to Health and Safety Code Section 44323, (2) releases, or has the potential to release, less than ten tons per year of each criteria pollutant, and (3) is either of the following:
- 220.1 Any facility in one of the following five classes of facilities:
- a. Autobody shops, as described by SIC Codes 5511-5521 or 7532;
 - b. Gasoline stations, as described by SIC Code 5541;
 - c. Dry cleaners, as described by SIC Code 7216;

d. Printing and publishing, as described by SIC Codes 2711-2771 or 2782;

e. Facilities with only diesel engine permits described by SCC Codes 20100101, 20200102, or 20300101; or,

220.2 Any facility that has not prepared an Individual Plan and Report in accordance with sections 44340, 44341, and 44344 of the Health and Safety Code and for which the district submits documentation for approval by the Executive Officer of the State Board, verifying that the facility meets the requirements of Health and Safety Code Section 44323(a)-(d).

221 TRACKING FACILITY: Any facility that has been prioritized by its district in accordance with Health and Safety Code Section 44360(a) using procedures that have undergone public review and that are consistent with the procedures presented in the California Air Pollution Control Officers Association (CAPCOA) "Air Toxics >Hot Spots" Program Facility Prioritization Guidelines, July 1990", which has been approved by the State Board and which is incorporated by reference herein, and the greater of the facility's prioritization scores for cancer and non-cancer health effects is greater than 10.0, and meets either one of the following criteria:

221.1 The facility that has had its health risk assessment approved by the district in accordance with Health and Safety Code Section 44362 and the risk assessment results show a total potential cancer risk, summed across all pathways of exposure and all compounds, of equal to or greater than 1.0 and less than ten (10) cases per million persons and a total hazard index for each toxicological endpoint both acute and chronic of less than or equal to 1.0, or

221.2 The facility that has had its health risk assessment approved by the district in accordance with Health and Safety Code Section 44362 and the risk assessment results show a total hazard index for each toxicological endpoint either acute and chronic of greater than or equal to 0.1, but less than or equal to 1.0, and a total potential cancer risk, summed across all pathways of exposure and all compounds, of less than ten (10) cases per million persons.

222 TRACKING FACILITY (COMPLEX): Any facility that meets the criteria set forth in Section 221, and has more than five processes as determined by six-digit Source Classification Codes (SCC).

223 TRACKING FACILITY (INTERMEDIATE): Any facility that meets the criteria set forth in Section 221, and has three to five processes as determined by six-digit SCC.

224 TRACKING FACILITY (SIMPLE): Any facility that meets the criteria set forth in Section 221, and has one or two processes as determined by six-digit SCC.

225 UNPRIORITIZED FACILITY: Any facility that has not been prioritized by its district in accordance with Health and Safety Code Section 44360(a) using procedures that have undergone public review.

300 STANDARDS

301 DISTRICT FEE SCHEDULE: Any stationary source subject to this rule shall pay an annual toxics "Hot Spots" fee based on its facility category as set forth in Tables 610-A through 610-F of the District Fee Schedule.

302 STATE AIR TOXIC FEES: In addition to the District Air Toxic Fees described in Section

301 of this rule, operators of facilities subject to the requirements of the State Air Toxics "Hot Spots" Information and Assessment Act (Sections 44340 to 44383 of the California Health and Safety Code) shall pay an annual fee equal to the State cost for the facility for the fiscal year. State costs are published annually in the Air Toxics "Hot Spots" Program Annual Status Report on State Fees found on the California Air Resources Board website. The State fee by facility category is set forth in Tables 610-A through 610-F of the District Fee Schedule.

303 ANNUAL ADJUSTMENT: All District fees specified by this rule shall be automatically adjusted on July 1 of each year based on the change in annual California Consumer Price Index for the preceding calendar year. This does not include State Air Toxics Fees set forth in Tables 610-A through 610-F of the District Fee Schedule.

400 ADMINISTRATIVE REQUIREMENTS

401 NOTIFICATION OF FEE DUE: The operator of the facility for which the fee is assessed will be notified by mail of the fee due and payable and the date the fee is due. The payment due date shall be no earlier than 30 days after the date the fee notice is mailed.

402 FEE PENALTIES: If all fees due have not been received within 60 days after the noticed date to pay such fees, the APCO shall assess a late penalty. The late penalty shall be equal to one half of the total fees due, or \$100, whichever is greater, in accordance with Section 44380 (c) of the State of California Health and Safety Code. If payment is not made within 120 days after receipt of the late payment penalty notice the District may initiate action to revoke all Permits to Operate in accordance with Health and Safety Code Section 42307. A Permit to Operate revoked for nonpayment of fees shall be reinstated only upon payment in full of such overdue fees and accrued penalties. Payment does not assuage violations for operating without a valid permit.

ATTACHMENT #2

SUBJECT:

Staff Report
Adoption of Rule 610, Air Toxics "Hot Spots" Fees

**PLACER COUNTY
AIR POLLUTION CONTROL DISTRICT**

STAFF REPORT

**RULE 610 AMENDMENT
AIR TOXICS “HOT SPOTS” FEES**

**Prepared by:
Don Duffy**

OCTOBER 9, 2014

INTRODUCTION

The purpose of Rule 610, Air Toxics “Hot Spots” Fees, is to recover costs associated with the implementation of the Air Toxics “Hot Spots” Information and Assessment Act of 1987, beginning with Section 44300 of Division 26 of the California Health and Safety Code. The purpose of this legislation, also called AB 2588 for the enacted Assembly Bill, is to gather information on toxic air releases from existing stationary sources throughout the state, and then to require risk reduction of sources deemed to create a significant risk. Toxic release facilities report emissions, are tracked, and those which pose a health risk above a certain threshold to the community are required to prepare and implement a risk reduction plan and issue a public notice. The California Health and Safety Code requires the implementation of this program by air districts. The air districts are to collect state costs from facilities subject to the legislation and forward the revenue to the Air Resources Board. The Act also gives districts authority to assess fees to recover district costs from these facilities.

BACKGROUND

Rule 610 was last amended on July 16, 1998 and the set fees specified in the rule, which include state costs, have not changed since that time. Over time, the fees have become insufficient to cover state and District costs for the program.

The District rule specifies the fees for the various classes of facilities. The state bills the District for the state’s portion of up to \$1,350,000 (statewide) in funds allocated by statute to the state for its costs, and the District collects the fees from the facilities and pays the state. The District keeps the remainder of the fee to cover District costs. In addition to the Rule 610 fees that are passed on to the state, any state costs for risk assessments reviewed by the Office of Environmental Health Hazard Assessment (OEHHA) are to be paid on a fee-for-service basis that the District passes through as a charge to sources.

In FY 2011-12, the District collected \$10,872 in Hot Spots fees, of which \$6,692 was paid to the state, with Placer retaining just \$4,180. In FY 2012-13, the District collected \$9,335 in Hot Spots fees, with \$4,348 paid to the state, and Placer retaining \$4,987. In FY 2012-13 on a statewide basis, \$456,000 in Hot Spots fees were collectively paid by the 35 air districts to the state. The air districts’ share of fees for this period was \$2,571,000.

The retained fees from Rule 610 are currently not adequate to provide the necessary staff resources to meet the District’s obligations with regard to this program. The shortfall in toxics revenue is illustrated by data for two recent years.

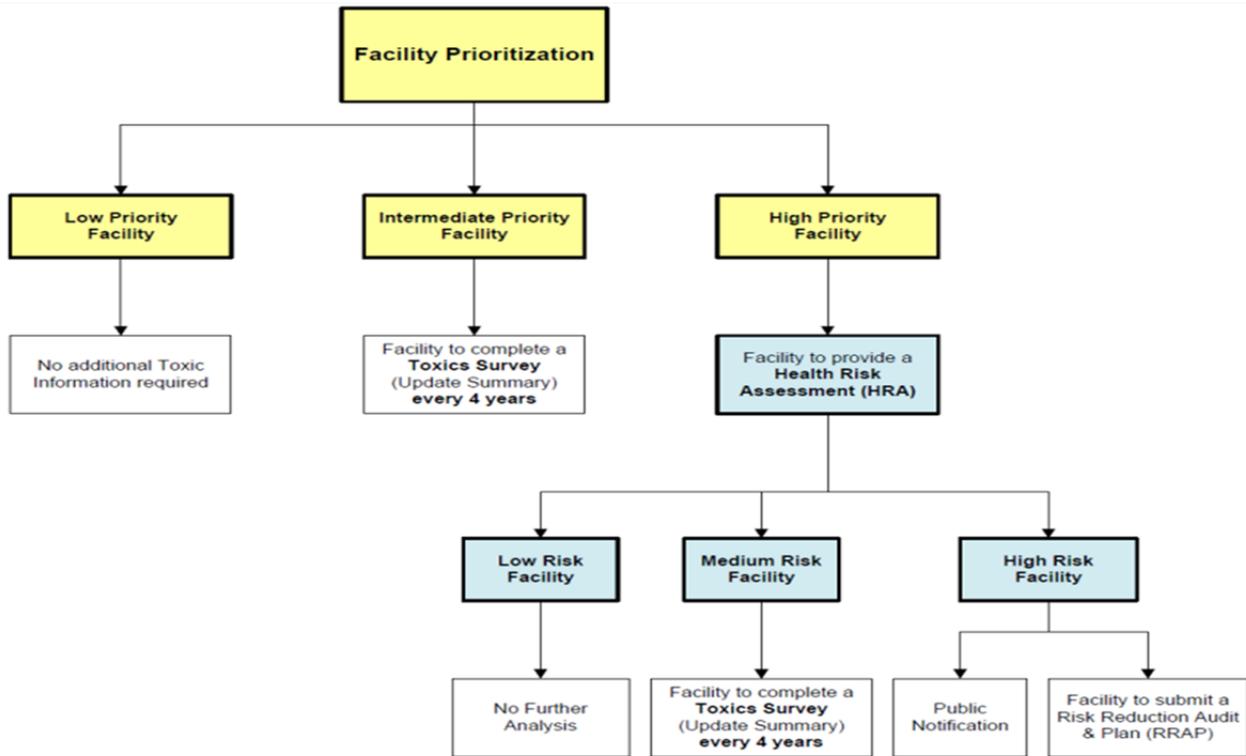
- In FY 2011-12 approximately 442 hours were expended on Hot Spots work, whereas the only direct cost recovery was \$4,180 collected through Rule 610.
- In FY 2012-13 approximately 195 hours were expended on Hot Spots, compared to \$4,987 direct cost recovery through Rule 610.

District Staff estimate that about 400 hours/year would be required to adequately resource Hot Spots, for the current mix of facilities subject to the program. Currently, for FY 2014-15, \$4,313 of the \$9,245 in anticipated Rule 610 fees will be paid to the state, with the balance of \$4,932 retained to cover District costs. The amount of fees to be retained by the District represents fifty (50) Associate Engineer work hours.

There are 797 air toxic substances subject to the Hot Spots program. Any facility that emits one or more of these designated compounds must report their emissions. For facilities subject to the program:

- The facility prepares a toxic emissions inventory plan that is reviewed and approved by the air district.
- The facility submits the toxic emissions report to the district according to the plan.
- The district reviews the emissions report and prioritizes the facility as low, intermediate, or high priority based on the level of public health risk associated with the facility’s toxic air releases.
- The district requires the high risk facilities to provide a detailed health risk analysis, and if the risk is greater than a set threshold, to then provide a risk reduction plan. (Each district can set its own risk threshold. Placer uses 10 in a million cancer risk value as the main threshold).

The following figure is a flow diagram of the Hot Spots prioritization process once the facility submits a toxic emissions inventory.



In a special class of small facilities called “industrywide”, the district does the required tasks for the facility. These are sources like gas stations, dry cleaners, auto refinishing shops, printing shops, and facilities that only have toxic emissions from stationary diesel engines.

AMENDMENTS OF RULE 610

Staff is proposing to make a number of amendments to the rule, including updating the current fees, and removing the specified fee amounts in the rule and instead showing the amounts to be assessed in the District Fee Schedule, as is done with most other District fees, such as permit and burn permit fees. Fees will be adjusted annually by an amount equal to the California Consumer Price Index to assure that the fees will continue to cover District costs for the program.

Some proposed changes:

State and District fees will be separated and billed as separate line items on the annual permit renewal invoice. This will allow for changes in the State fees without an amendment of this rule.

Some of the higher risk fee categories in the state fee schedule will be eliminated to simplify the District fee rule. District Staff don't believe that there are existing facilities in Placer County with these high risks, and there will never be due to existing permit limits and the toxics review of new and modified sources.

The penalty for non-payment of Hot Spots fees is amended to 50% of the assessed fee, or \$100, whichever is greater.

An industrywide category is created for facilities that have only emissions from stationary diesel engines. For the industrywide category, the District is required to perform the tasks required by the Hot Spots program, instead of the facility. Because the engine processes are similar, the evaluation process is somewhat simplified.

The following sections provide greater detail on the proposed changes to Rule 610.

District Fee Schedule

The District Fee Schedule lists the current fees for permits, Hearing Board actions, source test observation, and agricultural burning permits. The Hot Spots fees are the only fees that are specified outside of the District Fee Schedule. Section 301 of the Rule is amended to remove the fee amounts from the Rule and add them to the District Fee Schedule. The proposed Hot Spots fee schedules of the District Fee Schedule are included in the Hot Spots Fees section later in this report. Having the fees stated in an annually published document simplifies the adjustment of fees for the positive increase in the Consumer Price Index (CPI), which is another change proposed that will be discussed in detail.

State Costs

State costs for the Hot Spots program are invoiced to the District based on a report by the District to the State listing the facilities subject to the program by category (i.e. industrywide facility, district update facility, etc.). The State costs are promulgated through the Hot Spots Fee Regulation for the various risk categories. The current Fee Regulation was adopted by the ARB Board in 2002, and the fee rates have remained constant since that time. If the State needs to change the rates, a formal rulemaking procedure by ARB is required.

The current Rule 610 combines the State and District fees into one fee. In the past, when the State fee was adjusted upwards, this resulted in the State getting their fee and the District getting the reduced balance. The rule amendment divides the fees, and the State fee is passed to the facility. This allows the State to change their fee without the District needing to amend Rule 610 in order to maintain the adequacy of the District's fee.

Fee Categories

The Hot Spots fee categories are designated by the State in their Fee Regulation. The State categories are:

- Priority Score > 10
- $10 \leq \text{Risk} < 50$, or acute or chronic hazard index > 1
- $50 \leq \text{Risk} < 100$
- Risk > 100
- Unprioritized
- $1 \leq \text{Risk} < 10$, or $0.1 \leq \text{acute or chronic hazard index} \leq 1.0$
- Industrywide

The District fee schedule uses these same fee categories, with the exception that the two categories with risk greater than 50 have been eliminated in this amendment. The rationale for eliminating these categories in the District fee schedule is that at this advanced stage of the Hot Spots program, there are no facilities in Placer County with risk values in these ranges. Furthermore, new or modified facilities with a risk of greater than 10 cannot obtain a stationary source permit.

Diesel Engines

Stationary diesel engines permitted at facilities that would otherwise be exempt from the Hot Spots program have been added to the industrywide category (Definition of Industrywide Facility, Section 205 and 220 of the Rule). Many of these engines are emergency engines (generators, fire pumps, or ski lift evacuation) and are located at facilities that are cell towers and sewer lift stations.

Recent changes in the Hot Spots regulation specifically include diesel engines that operate more than 20 hours per year. The District finds that these diesel engines meet the criteria for industrywide sources pursuant to Health and Safety Code Section 44323.

Annual Fee Adjustment

The District Hot Spots fees will be adjusted annually by a common measure of monetary inflation, the California Consumer Price Index. Other District fees are currently adjusted in this manner. Section 303 is added to the rule that states:

303 ANNUAL ADJUSTMENT: *All District fees specified by this rule shall be automatically adjusted on July 1 of each year based on the change in annual California Consumer Price Index for the preceding calendar year. This does not include State Fees.*

Penalty Clause

Section 44380 of the State of California Health and Safety Code authorizes the District to assess a penalty of up to 100% on facilities that have not paid their Hot Spots fees more than 60 days after the due date. This amendment is changing the penalty amount to 50% of the total fee, or \$100, whichever is greater.

Health Risk Assessment Definition

The following definition of Health Risk Assessment is being added as Section 204 of the rule:

204 ***HEALTH RISK ASSESSMENT (HRA):** A detailed comprehensive analysis prepared pursuant to Section 44360 of the California Health and Safety Code. A health risk assessment evaluates and predicts the dispersion of hazardous substances in the environment and the potential for exposure of human populations.*

Amended Hot Spots Fees

The proposed District Hot Spots fees by facility category are illustrated in the following tables which would appear in the District Fee Schedule. These tables also show the current State fees which are not adopted by the District, but are instead adopted by the ARB and published in the Annual Hot Spots Fee Regulation, and are merely shown for completeness. Development of the District costs resulting in the proposed District fees will be discussed in the next section.

TABLE 610 - A: INDUSTRYWIDE FACILITY

Fee Category	Description	District Fee	State Fee*
A	Industrywide Facility	\$109.00	\$35.00

TABLE 610 - B: DISTRICT UPDATE FACILITY

Fee Category	Description	District Fee	State Fee*
B	District Update Facility	\$125.00	\$0.00

TABLE 610 - C: UNPRIORITIZED FACILITY

Fee Category	Description	Facility Type	District Fee	State Fee*
C	Unprioritized Facility	Simple	\$489.00	\$402.00
		Intermediate	\$685.00	\$603.00
		Complex	\$881.00	\$804.00

TABLE 610 - D: TRACKING FACILITY

Fee Category	Description	Facility Type	District Fee	State Fee*
D	Tracking Facility	Simple	\$269.00	\$67.00
		Intermediate	\$294.00	\$100.00
		Complex	\$318.00	\$134.00

TABLE 610 - E: PRIORITIZATION SCORE GREATER THAN 10 FACILITY

Fee Category	Description	Facility Type	District Fee	State Fee*
E	Prioritization Score Greater Than 10 Facility	Simple	\$881.00	\$1,674.00
		Intermediate	\$1,077.00	\$2,009.00
		Complex	\$1,272.00	\$2,344.00

TABLE 610 - F: RISK OF GREATER THAN OR EQUAL TO 10 PER MILLION FACILITY

Fee Category	Description	Facility Type	District Fee	State Fee*
F	Risk of Greater Than or Equal to 10 per Million Facility	Simple	\$881.00	\$3,014.00
		Intermediate	\$1,077.00	\$3,349.00
		Complex	\$1,272.00	\$3,684.00

* The District collects fees assessed by the State to cover the Hot Spots costs of ARB and OEHHA. These fees are forwarded to the State Board.

Determination of District Costs and Proposed Fees

The District fees were developed with an hourly estimate to perform each of the different category tasks. The hours were extended to dollars using a \$97.87 labor rate, representing an associate engineer with appropriate overhead added. The details of the cost estimates are shown in the following tables. For ease of comparison, the fee schedule category from the above table is reproduced after each cost development category.

Industrywide Category

The industrywide category contains three different source status situations: previously prioritized, not yet prioritized, and sources with a screening HRA of greater than 10. Each situation requires a different level of annual effort. Cost estimates are made for each of the three situations, then an industrywide weighted average is developed using the current quantity of sources in each situation.

Hot Spots Category	Tasks	Hours Each Source	Cost Each
Industrywide (Prioritized)	Review annual emissions, prepare annual emissions report, and prepare annual billing. Estimate 133 sources	0.75	\$73.40
Industrywide (Unprioritized)	In addition to prioritized tasks, conduct a prioritization or screening HRA. Estimate 37 sources	1.1	\$107.66
Industrywide (HRA>10)	Perform detailed HRA. If HRA<10, move to intermediate list. If HRA>10, do public notice and risk reduction. Estimate 10 sources	6	\$587.22
Industrywide Average	Weighted average of the above 3 industrywide categories. This is used in the fee schedule		\$109.00

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TABLE 610 - A: INDUSTRYWIDE FACILITY

Fee Category	Description	District Fee	State Fee*
A	Industrywide Facility	\$109.00	\$35.00

District Update Facility

A District Update Facility is one which has a previous prioritization score of more than 1.0 and less than 10 (intermediate risk). These facilities are required to update their toxic emissions every four years, and the District re-determines the prioritization based on this new toxic inventory. If the new prioritization score is less than 1.0, the facility moves to the low-risk category, and is no longer required to update their toxic emissions every four years.

District fee for an Update Facility is limited to \$125 per year by ARB, even though the District cost may be higher.

Hot Spots Category	Tasks	Hours Each Source	Cost Each
District Update Facility 1<PS<10	Every four years, request an emissions update and update PS. Estimate is 8 hours every 4 years. Annual fee is limited to \$125 by ARB		\$125

TABLE 610 - B: DISTRICT UPDATE FACILITY

Fee Category	Description	District Fee	State Fee*
B	District Update Facility	\$125.00	\$0.00

Unprioritized Facility

At this stage of the Hot Spots Program, an unprioritized facility is one that is either a new facility or a modified facility where the toxic emissions have not yet been evaluated. Once the facility is prioritized, it moves to the appropriate category (low, intermediate, or high risk)

Hot Spots Category	Tasks	Hours Each Source	Cost Each
Unprioritized (Simple)	Facility expected to have toxic emissions, but does not have an inventory plan or has not supplied inventory data. District task is to obtain and approve inventory plan and inventory data. Then do the prioritization.	5	\$489.35
Unprioritized (Intermediate)	Same as simple, except add 2 hours for more processes	7	\$685.09
Unprioritized (Complex)	Same as simple, except add 4 hours for more processes	9	\$880.83

Note: A simple facility has 1 or 2 toxic emission sources, an intermediate facility has 3-5 toxic emission sources, and a complex facility has more than 5 toxic emission sources.

TABLE 610 - C: UNPRIORITIZED FACILITY

Fee Category	Description	Facility Type	District Fee	State Fee*
C	Unprioritized Facility	Simple	\$489.00	\$402.00
		Intermediate	\$685.00	\$603.00
		Complex	\$881.00	\$804.00

Tracking Facility

A tracking facility is a high risk facility with a prioritization score or an HRA of greater than 10. Every four years, an updated toxics inventory is required, and if there is any change in the inventory from the prior one, an updated HRA must be performed.

Hot Spots Category	Tasks	Hours Each Source	Cost Each
Tracking Facility (Simple) PS>10, HRA<10	Every four years, do PS and possibly HRA. Tasks are request emissions update, perform PS and possibly HRA, and review HRA. 11 hours for each source. Divide hours and cost by 4 for annual cost	2.75	\$269.14
Tracking Facility (Intermediate) PS>10, HRA<10	Same as for simple, but add one hour because more emission points. 12 hours for each source	3	\$293.61
Tracking Facility (Complex) PS>10, HRA<10	Same as for simple, but add 2 hours because more emission points. 13 hours for each source	3.25	\$318.08

TABLE 610 - D: TRACKING FACILITY

Fee Category	Description	Facility Type	District Fee	State Fee*
D	Tracking Facility	Simple	\$269.00	\$67.00
		Intermediate	\$294.00	\$100.00
		Complex	\$318.00	\$134.00

Prioritization Score Greater than 10 Facility

If a facility has been prioritized at greater than 10, this is a “high risk” facility, and the facility is required to provide an HRA. The facility usually must hire an environmental consultant to conduct the HRA. The District’s job is to review and approve the HRA, then submit to OEHHHA for review and approval. If the HRA results in a risk of less than 10 in a million for cancer, the facility is moved to the intermediate risk category.

Hot Spots Category	Tasks	Hours Each Source	Cost Each
PS>10, no HRA (Simple)	Facility needs to do HRA. District review and approve HRA	9	\$880.83
PS>10, no HRA (Intermediate)	Same as simple, except add 2 hours for more processes	11	\$1,076.57
PS>10, no HRA (Complex)	Same as simple, except add 4 hours for more processes	13	\$1,272.31

TABLE 610 - E: PRIORITIZATION SCORE GREATER THAN 10 FACILITY

Fee Category	Description	Facility Type	District Fee	State Fee*
E	Prioritization Score Greater Than 10 Facility	Simple	\$881.00	\$1,674.00
		Intermediate	\$1,077.00	\$2,009.00
		Complex	\$1,272.00	\$2,344.00

Risk Greater than or Equal to 10 Facility

If a facility has prepared an approved HRA with a risk equal to or greater than 10 in a million, the facility remains “high risk” and must prepare and issue a public notice and then prepare a risk reduction plan to be approved by the District. The facility remains high risk until the risk is reduced below 10 in a million.

Hot Spots Category	Tasks	Hours Each Source	Cost Each
HRA>10, High Risk (Simple)	Facility needs to prepare and issue a public notice. Facility needs to prepare a risk reduction plan. District insures these tasks are completed.	9	\$880.83
HRA>10, High Risk (Intermediate)	Same as simple, except add 2 hours for more processes	11	\$1,076.57
HRA>10, High Risk (Complex)	Same as simple, except add 4 hours for more processes	13	\$1,272.31

TABLE 610 - F: RISK OF GREATER THAN OR EQUAL TO 10 PER MILLION FACILITY

Fee Category	Description	Facility Type	District Fee	State Fee*
F	Risk of Greater Than or Equal to 10 per Million Facility	Simple	\$881.00	\$3,014.00
		Intermediate	\$1,077.00	\$3,349.00
		Complex	\$1,272.00	\$3,684.00

Projection of District Revenue from Proposed Fees

The annual revenue to the District from the proposed Hot Spots fees with the current mix of facility categories is presented in the following table. Facilities with only a diesel engine that the District proposes to be industrywide facilities are included in the count.

HOT SPOTS CATEGORY	NUMBER OF FACILITIES	Each \$	Total \$
Industrywide Facility	180	109	19,620
District Update Facility	10	125	1250
Unprioritized Facility	0		
Tracking Facility	0		
Prioritized > 10 Facility (Intermediate)	1	1,077	1,077
Risk Greater than 10 Facility	0		
TOTAL	191		21,947

Accordingly, based on the current source mix and Hot Spots categorization, the estimate of Hot Spots Fee revenue for the next billing cycle following the adoption of the proposed fees is **\$21,947**.

Comparison of Existing Placer and Neighboring District Fees to the Proposed Fees

Current District fees are compared to proposed new fees and current fees for selected other districts in the table below. All amounts are in dollars.

Districts Air Toxics Fees Comparison Table					
DISTRICT*	FACILITY PROGRAM CATEGORY	STATE FEE	CURRENT To DISTRICT	AMOUNT HIGHER THAN PLACER	PROPOSED NEW FEE (TO DISTRICT)
Placer	Industrywide	35.00	55.00		109
Yolo-Solano			125.00	70.00	
Sacramento Met			118.00	63.00	
San Joaquin Valley			100.00	45.00	
South Coast			158.84	103.84	
Placer	District Update Facility (\$125 max charge without justification to ARB)	0	125.00		125
Yolo-Solano			125	0	
Sacramento Met			125 (every 4 th year)	-375	
San Joaquin Valley			0	-125	
South Coast			218.13	93.13	
Placer	Tracking Facility	Simple 67.00 Medium 100.00 Complex 134.00	S 116.59 M 199.79 C 233.21		S 269 M 294 C 318
Yolo-Solano			S 200.00 M 200.00 C 200.00	83.41 0.21 -33.21	
Sacramento Met			S 500.00 M 972.00 C 1,945.00	383.41 772.21 1,711.79	
San Joaquin Valley			S 1,231.00 M 3,407.00 C 6,248.00	1,114.41 3,207.21 6,014.79	
South Coast			S 394.57 M 569.98 C 745.39	277.98 370.19 512.18	
Placer	Unprioritized	Simple 402.00 Medium 603.00 Complex 804.00	S 1,534.72 M 1,333.72 C 1,132.72		S 489 M 685 C 881
Yolo-Solano			S 284 M 255 C ?	-1250.72 -1078.72 ?	

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Districts Air Toxics Fees Comparison Table						
DISTRICT*	FACILITY PROGRAM CATEGORY	STATE FEE	CURRENT To DISTRICT	AMOUNT HIGHER THAN PLACER	PROPOSED NEW FEE (TO DISTRICT)	
Sacramento Met			S 555	-979.72		
			M 755	-578.72		
			C 1,055	-77.72		
San Joaquin Valley			S 436	-1096.72		
			M 1,154	-179.72		
			C 3,585	2,452.28		
South Coast			S 586.414	-948.31		
			M 3,213.49	1,879.77		
			C 4,270.27	3,137.55		
Placer	PS > 10	Simple 1674.00 Medium 2009.00 Complex 2344.00	S 262.72		S 881 M 1,077 C 1,272	
			M 163.75			
			C 53.88			
Yolo-Solano				S 255	-7.72	
				M 255	91.25	
				C 255	201.12	
Sacramento Met		S 995	732.28			
		M 1,995	1,831.25			
		C 2,595	2,541.12			
San Joaquin Valley		S 1,231	968.28			
		M 3,407	3,243.25			
		C 6,248	6,194.12			
South Coast		S 4,975.79	4,713.07			
		M 5,329.36	5,165.61			
		C 5,680.19	5,626.31			
Placer	Risk > 10 High Risk	Simple 3,014.00 Medium 3,349.00 Complex 3,684.00	S 663.55		S 881 M 1,077 C 1,272	
			M 729.94			
			C 559.63			
Yolo-Solano				S 200	-463.55	
				M 200	-529.94	
				C 200	359.63	
Sacramento Met		S 8,400	7,736.45			
		M 8,900	8,170.06			
		C 9,500	8,940.37			
San Joaquin Valley		S 3,407	2,743.03			
		M 5,045	4,315.06			
		C 8,145	7,585.37			
South Coast		S 6,033.73	5,370.18			
		M 6,385.92	5,655.98			
		C 6,738.13	6,178.50			

* From District Fee Rules found on ARB web site, and State Fee Regulation Table 1

Review of the fee comparison table above suggests that current Hot Spots fee revenue to Placer is much lower than most other districts. The exception is Yolo-Solano, which are in the same situation as Placer, with a fixed fee rule that has not been amended in many years.

Most of the proposed fee categories are lower than comparable fees of other districts, except Yolo-Solano.

Fiscal Impact

There will be a fiscal impact on many of the facilities that are subject to the Hot Spots program if they have priority scores or health risk assessment values in the intermediate or high risk categories. These fees are being amended to more fully cover the District's costs of performing the Hot Spots program. For example, industrywide category facilities will have the combined state and district fees increased from \$90 to \$144. The impact of amended fees for other categories can be seen in the above table, District Air Toxics Fees Comparison Table.

The proposed annual revenue from the amended Hot Spots fee rule is projected to be \$21,947. This compares with expected 2014 Hot Spots revenue of \$4,932. The 2014 revenue does not include diesel only facilities.

There are eleven core facilities (facilities other than industrywide facilities) that are currently subject to Hot Spots fees. These facilities, their category, and fees are shown in the following table. The District fees are the proposed new fees and the increase is the additional fee (State and District) the facility would pay.

Facility	Category	State Fee (\$)	District Fee(\$)	Increase (\$)
Capital Drum	Update Facility	0	125	0
Jeld-Wen	Update Facility	0	125	0
PABCO	Update Facility	0	125	0
H.B. Fuller	Update Facility	0	125	0
TSI	Update Facility	0	125	0
Rio Bravo	Update Facility	0	125	0
SFPPL	Update Facility	0	125	0
California Pacific Power	Update Facility	0	125	0
Roseville Electric	Update Facility	0	125	0
Sierra Pacific Industries	Prioritization > 10	2,009	1,007	843.25
Crossroads Family Care	Update Facility	0	125	0

With the current mix of core facilities subject to fees, most would have no fee increase, and one facility would have an increase. This facility will soon be transitioned into the Tracking category with a lower fee, as an HRA is completed to show the cancer risk to be less than 10 in a million.

The fiscal impact on the District of the amended fees will be that the District costs of administering the Hot Spots program will be covered by the fees from the facilities subject to the program.

California Proposition 26

On November 2, 2010, the voters of California passed Proposition 26, the Supermajority Vote to Pass New Taxes and Fees Act. This initiative measure requires a two-thirds majority vote of the voters to institute certain new taxes and reclassifies certain new fees as new taxes. The measure applies to Placer County Air Pollution Control District due to the District being a "special district", and thus considered a local government. The approval requirement for local governments for new taxes, where the government specifies how the funds will be used, is two-thirds of local voters. If the government does not specify how the funds will be used, the approval requirement is the majority of local voters. The approval requirement

for new fees is a majority of the governing body. The amendment of Rule 610, Air Toxics “Hot Spots” Fees is to amend the fees for the Hot Spots program to more fully cover the District’s cost of administering the program. Section 3(e) of the proposition lists a number of fee exceptions that are not to be considered taxes:

Section 3(e): *As used in this article, “tax” means any levy, charge, or exaction of any kind imposed by a local government, except the following:*

(3) A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.

Since the Hot Spots fees are clearly fees resulting in a service or privilege to the facility, and are set to reimburse the cost to the District for implementing the required Hot Spots program, the approval requirement is majority vote of the Board.

Public Outreach

- Notice of workshop and public hearing mailed to all permit holders
- Workshop conducted on September 3, 2014
- Notice of workshop and public hearing posted on District website
- Notice of public hearing at District Board Meeting posted in public newspaper
- Public Hearing at District Board Meeting on October 9, 2014

Analysis and Findings

The following Findings are intended to address the requirements set forth in the Health and Safety Code relating to adoption of a new or amended District Rule:

- A. **Necessity** – This rule amendment covers the District cost for administering the Hot Spots Program.
- B. **Authority** – California Health and Safety Code, Sections 40000, 40001, 40701, 40702, and 90700 are provisions of law that provide the District with the authority to amend this rule.
- C. **Clarity** – There is no indication, at this time, that the proposed rule is written in such a manner that persons affected by the rule cannot easily understand them.
- D. **Consistency** – The regulation is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations.
- E. **Non-duplication** – The regulation does not impose the same requirements as an existing state or federal regulation.
- F. **Reference** – All statutes, court decisions, and other provisions of law used by PCAPCD in interpreting this regulation are incorporated into this analysis and this finding by reference.



Board Agenda Item 2

Information

Agenda Date: October 9, 2014

Prepared By: Yu-Shuo Chang, Planning and Monitoring Manager

Topic: Drought, El Niño, and Air Quality

Action Requested: None. This is an information item.

Background: California's third year of drought continues to impact not only the population, but our air quality. Many of the weather outlooks in recent months have indicated that El Niño may have an impact on the upcoming winter precipitation in California. District staff contacted the National Weather Service-Reno (NWS), one of our partnering agencies, to present information on weather and air quality.

Discussion: In the last few years, District Staff have received weekly weather updates and outlooks from the Sacramento and Reno offices of the National Weather Service. The forecast information assists District Staff with weather based air quality information, which aids in the implementation of smoke management and burning programs, such as the Sacramento Valley Agricultural program.

Through these weather updates, the NWS staff offered to give a winter weather briefing to interested agencies, and District Staff invited Mr. Chris Smallcomb, Meteorologist to discuss "The Drought of 2014 and Will El Niño Save Us?"

Chris Smallcomb is the Warning Coordination Meteorologist at the NWS-Reno's forecast office. He is the primary liaison between the NWS and their emergency management, public safety, and media partners in eastern California and western Nevada. This includes the Tahoe Basin and eastern Placer County. As part of that job, he gives briefings to partners ahead of high impact weather events and talks to the public on extreme weather and preparedness. He has been in the NWS for 14 years, including working at field offices in Kentucky, Texas, Utah, and at the national headquarters in Washington, D.C. Mr. Smallcomb has both a Master's and a Bachelor of Science degree in Atmospheric and Oceanic Science from the University of Wisconsin, Madison, 1999.

Mr. Smallcomb will help put the current drought in context and provide the latest projections for the upcoming winter, along with the potential impacts to regional air quality.

Some of the points in the presentation include:

- Understanding the current drought and putting it in context with conditions today.
- How far behind are we precipitation wise, since 2011?
- Did the numerous summer monsoon thunderstorms help at all?
- Predicting winter weather in the Sierra and Northern California, and why it is so challenging.
- If the drought were or were not to continue, what are potential impacts on air quality?

Fiscal Impact: None

Recommendation: None



Board Agenda

APCO Report

Agenda Date: October 9, 2014

Air Pollution Control Officer Report:

1. Art Walk
2. Fiscal update (financial report to be provided at board meeting)

**PLACER COUNTY AIR POLLUTION CONTROL DISTRICT
BALANCE SHEET FOR FY 2014-15**

Description:	G/L #	BEGINNING BALANCE July 1, 2014	debit	credit	ENDING BALANCE September 30, 2014
Assets:					
CASH IN TREASURY	1000	2,152,493	1,213,356	759,297	2,606,551
IMPREST CASH	1020	300	-	-	300
ACCOUNTS RECEIVABLE	1090	360,000	-	-	360,000
INVESTMENT RECEIVABLE - INTEREST	1095	3,618	(3,618)	-	-
EQUIPMENT	1640	-	-	-	-
ACC DEPRECIATION	1650	-	-	-	-
TOTAL ASSETS		2,516,410			2,966,851
Current Liabilities:					
ACCOUNTS PAYABLE	2020	11,894	143,394	131,500	-
SALARIES & BENEFITS PAYABLE	2070	87,342	-	(87,342)	-
COMPENSATED ABSENCES PAYABLE	2080	-	-	-	-
DEFERRED REVENUE	2211	143,995	-	-	143,995
Long Term Liabilities:					
ENCUMBRANCES FOR DMV FUND	4090.01	613,619	27,821	131,500	717,297
ENCUMBRANCES FOR MITIGATION FUND	4090.02	634,053	32,993	-	601,060
ENCUMBRANCES/OPERATION FUND	4090.03	130,177	24,108	122,500	228,569
Fund Balances:					
IMPREST CASH FUND	2453.02	300	-	-	300
UNRESERVED/OPERATIONS FUND	2410/2455	32,750	369,906	762,949	425,793
DEPRECIATION FIXED ASSETS	2444	-	-	-	-
BUILDING - CAPITAL MAINTENANCE OUTLAY	2453	50,000	-	-	50,000
RESERVE	2453	155,000	-	-	155,000
NON-TORT DEFENSE FUND	2453	90,000	-	-	90,000
DMV FUND	2455.01	317,380	374,979	350,289	292,690
MITIGATION FUND	2455.02	249,900	645	12,891	262,146
INVESTMENT IN FIXED ASSETS	2460	-	-	-	-
TOTAL LIABILITIES & FUND BALANCES		2,516,410	2,183,584	2,183,584	2,966,851
					0

Total Encumbered Funds	\$ 1,546,927
Total Fund Balances	1,275,929
Increase/Decrease in Expenditures compared to Budget	-50.68%
Increase/Decrease in Revenues compared to Budget	26.59%

**PLACER COUNTY AIR POLLUTION CONTROL DISTRICT
FY 2014-15 BUDGET SUMMARY COMPARISON
CONSOLIDATED FUND SUMMARY**

	APPROVED CONSOLIDATED BUDGET FY 2013-14	REVISED CONSOLIDATED BUDGET FY 2013-14	ACTUAL CONSOLIDATED FUNDS FY 2014-15 9/30/2014	APPROVED CONSOLIDATED BUDGET FY 2014-15
REVENUE:				
Permit Fees	820,900	751,064	526,074	818,330
Fines/Settlement Funds	35,000	35,000	15,497	35,000
Interest	70,000	70,000	10,539	50,000
State Subvention	106,000	106,000	0	106,000
Statewide PERP	43,000	43,000	40,644	40,000
State Vehicle Surcharge Fee (AB2766 & AB923)	2,080,348	2,080,348	368,725	2,105,000
Other Government Assistance	72,276	72,276	15,000	148,555
Burn / Land / Other	48,247	42,085	14,368	31,245
Mitigation Fees	0	183,385	12,891	-
Per Capita Assessment	178,732	178,732	118,581	183,000
Miscellaneous	2,700	2,700	0	1,000
Intra -District Settlement Fund Transfer	0	0	0	-
District Facility Rental Income	10,162	10,162	3,811	15,242
Project Generated	20,000	20,000	-	25,000
Total Revenue:	3,487,364	3,594,751	1,126,128	3,558,372
TOTAL FUND CARRY-OVER PREVIOUS FY	910,455	910,455	964,965	964,964
TOTAL FUNDS AVAILABLE	4,397,819	4,505,206	2,091,093	4,523,337
EXPENSE:				
Salary & Benefits	2,228,270	2,425,365	413,690	2,349,456
Supplies & Services	632,113	721,082	103,964	803,679
Clean Air Grants and Woodstove Incentive	1,009,271	1,073,768	58,639	1,004,900
Building Purchase Payback	50,000	-	-	40,000
Building Improvement	-	-	-	-
Total Expense:	3,919,654	4,220,214	576,293	4,198,035
Ending Fund Balance:	478,165	284,992	1,514,800	325,302

*The "Ending Fund Balance" for the proposed FY 2014-15 budget is the consolidated total for the following fund balances:

Operations Fund	\$	23,897
Building - Maintenance Capital Outlay		50,000
Vehicle Replacement Fund		60,000
Reserve -- sub fund to Operations		95,000
Non-Tort Defense Fund--sub fund to Operations		90,000
Sub-Total Unreserved Operations + Reserved Operations	\$	318,897
DMV (AB2766 & AB923) Fund		6,405
Mitigation Fund		-
Ending Fund Balance Totals	\$	<u>325,302</u>

**The "Encumbered Funds" for the approved FY 2014-15 budget are consolidated from the following:

Operations Fund	\$	(130,177)
DMV (AB2766 & AB923) Fund		(613,619)
Mitigation Fund		(634,053)
Encumbered Funds	\$	<u>(1,377,848)</u>

*** Note that the Settlement Revenue from the SPI case (settlement was received on July 24, 2007) of \$2,742,500 has been removed to a separate sub-fund; likewise, the recovered litigation costs for the same case of \$700,000 has also been moved to a sub-fund in order to separate these funds from the District's Operational Budget. The funds for the purchase of the building were taken from the Settlement Fund (\$1,500,000) leaving \$1,242,500. An additional \$40,000 was used to purchase and install solar panels on the District's building located at 110 Maple Street in Auburn, California. The District paid back \$50,000 to the Building Purchase in FY 13-14 which leaves a balance of \$1,252,500 in the Settlement Fund. Also, \$361,500 was taken from the Litigation Cost Recovery Fund for "Relocation Costs" leaving \$338,500 in that fund. Interest derived from those funds is included in the Operations Fund for FY 2014-15.

Most of the encumbered funds (94.59%) are Clean Air Grants that have been awarded to Placer County recipients over the last three fiscal years. The funds have not been dispersed because the contracted clean air projects have not been completed.